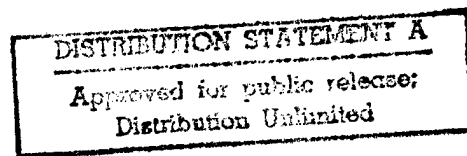


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12 August 1983



# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 59

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12 August 1983

# USSR REPORT

## INTERNATIONAL ECONOMIC RELATIONS

No. 59

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## USSR-CEMA TRADE

### CEMA MEMBER-STATES COOPERATION IN FOODSTUFFS PRODUCTION

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 5, May 83 pp 110-113

[Article by Prof I. Oleynik, merited scientist of the RSFSR: "Cooperation of the CEMA Member-States in Foodstuffs Production"]

[Text] Forming the basis of implementation of the Food Program and the decisions of the May (1982) plenum of the CPSU Central Committee, which provide for increased attention to raising the level in intensification of agricultural production and developing the entire agroindustrial complex, is the maximum and most effective use of internal opportunities and reserves of socialist agriculture and our country's entire economy. The improvement as outlined by the adopted decisions of the material and technical base of agriculture, the food industry and the infrastructure serving them, the increased efficiency in the use of the latest scientific and technical achievements and the improved mechanism in planning, management and economic stimulation in the sectors of the agroindustrial complex is directed toward a single final goal--increased production of top quality foodstuffs and getting them to the consumers and substantial improvement of the workers' consumption structure.

At the November (1982) plenum of the CPSU Central Committee, CPSU Central Committee General Secretary Yu. V. Andropov noted that the central place in our plans is occupied by measures aimed at implementing the Food Program and that workers of the agroindustrial complex must increase their efforts daily and work in such a manner so that the enormous funds directed at solving this task would yield a return already today and a greater one tomorrow.

As an important factor in the realization of the Food Program it is also planned to use the opportunities and advantages of versatile external economic relations with the socialist countries. On the basis of long-term directed programs, cooperation with the CEMA member-states will be deepened in the field of agricultural production and in processing and rational use of raw materials and additional opportunities will be sought for increasing production of all kinds of foodstuffs in the interest of further raising the well-being of the Soviet people and peoples of the fraternal socialist countries.

At the 36th meeting of the CEMA session, N. A. Tikhonov, chairman of the USSR Council of Ministers, stressed that our country intends to broadly use its versatile cooperation with the CEMA member-states in developing the agroindustrial complex and to change from exchanging information on leading experience

in this field to mutually beneficial cooperation in mastering leading technologies. The Soviet side is also interested in that the countries which have a good experience in processing meat, dairy and vegetable products, sugar beets and oil-producing crops, in producing mixed feed and in constructing and operating refrigerating plants, storehouses, elevators, flour-milling enterprises and bakeries would participate in constructing and modernizing corresponding projects in the Soviet Union. Important measures in this field are provided for by the long-term directed program for cooperation among the CEMA member-states in developing agriculture and the food industry up to 1990.

One of the important directions in cooperation with the fraternal countries in implementing the Food Program is strengthening the material and technical base of the agroindustrial complex, particularly cooperation and specialization in expanding production and mutual deliveries of means of comprehensive mechanization and chemicalization of agriculture and machines and equipment for increasing the capacities and technical level of the food industry and of the infrastructure as well. Special significance is attached to raising the quality parameters of machines, which are necessary for cultivating, transporting and storing (not only of grain but also of such labor-consuming kinds of products as potatoes, sugar beets, vegetables and fruits), procuring and preparing fodder and mechanizing other processes in livestock breeding.

Certain experience has already been accumulated in the aforementioned fields. Through combined efforts of the fraternal countries an international system of machines for agriculture and the food industry was developed and is being improved, which promotes coordination of further scientific research and experimental design work, unification and standardization of mutually supplied goods, deepening of international specialization and cooperation of production and broader introduction of industrial technology in crop production and livestock breeding.

Within the framework of developing cooperation, the Soviet Union basically specializes in the production and delivery to the fraternal countries of high-powered tractors, selfpropelled chassis and some other machines and receives in return small-scale agricultural machines and implements and equipment for the food industry.

In exchange for tractors, grain harvesting combines and other agricultural equipment as well as equipment for drying and grading of corn and for dairy and mixed feed plants, elevators, hothouse complexes, bakeries, sparkling wine plants and poultry farms, the USSR imports from the fraternal countries small-scale tractors, machines and equipment for processing grain crops, silage combines, machines for processing hops and spreading fertilizers as well as sets of equipment for sugar mills, yeast plants, breweries and cheese, fruit juice and pectin plants and sets of equipment and building structures for broiler and breeding poultry farms. During the past five-year plan period, the CEMA countries supplied 785,000 agricultural machines. The import of equipment for the food, meat and fish industries in 1985 will exceed the 1980 level twofold. To be imported are 24 lines for the production of raw-cured and 80 lines for the production of cooked sausages, 34 lines for the slaughtering and processing of poultry, 20 sets of equipment for

fruit storehouses, 30 automatic lines for the production of tin cans and other equipment. It is also provided that the fraternal countries will supply 247 fishing vessels of 12 different types, including fish processing baseships, refrigerated transports and dry cargo vessels.

Particular attention in cooperation of the CEMA member-states at the present stage is devoted to the production of new and modernized tractors of increased energy saturation, including the family of 150-horsepower universal tractors and transition to the production and delivery of a combination of machines whose basic technical and economic parameters considerably increase their utilization efficiency from the standpoint of labor and energy input.

Cooperation with the CEMA member-states is developing as regards improvement of efficiency in agriculture, fertility of the soil and productivity of livestock breeding and expansion of production and mutual deliveries of mineral fertilizers as well as chemical means for protecting plants and veterinary preparations and chemical and biochemical supplements to fodder. On the basis of directed credits, the CEMA member-states participated in expanding the capacities for extraction of potassium salt in Soligorsk, in constructing the second stage of the granulated ammonia phosphate fertilizer combine in the area of Kingisepp and in supplying equipment which increases the output of sulfuric acid. During the past five-year plan period, 65 percent of nitrogenous fertilizers were produced with imported equipment. During the current five-year plan, 49 sets of equipment will be imported for obtaining individual semifinished products for mineral fertilizers. Possibilities are being studied for using phosphorus-containing raw material in the Mongolian People's Republic [MNR] and increasing deliveries of some of its varieties from other countries.

Cooperation in the field of research of new types of pesticides and means for protecting plants had made it possible to obtain several hundreds of new kinds of chemical preparations in the fight against agricultural pests. The variety of pesticides safe to human health was considerably improved. Effective measures in the fight against livestock diseases were developed.

In accordance with the agreement on multilateral international specialization and cooperation, the delivery to the USSR of chemical means for protecting plants during the past five-year plan totaled 141,000 t and during the current five-year plan it will increase by approximately 2.5-fold (including veterinary preparations). As a means of compensation, the USSR supplies to the fraternal countries individual types of fertilizers, natural gas and individual kinds of petrochemical raw materials, which are the basic starting product in the production of mineral, particularly of nitrogenous fertilizers, chemical means for protecting plants and fodder supplements.

An important role in coordinating efforts of the USSR and other CEMA member-states in raising the level of mechanization and chemicalization of agriculture is played by the "Agromash" and "Interkhim" international organizations.

In the field of reclamation and irrigation, the cooperation among the CEMA member-states includes joint water management work in border regions and joint construc-

ion of hydromelioration objects, reservoirs, canals and other hydromelioration objects at agricultural complexes along border rivers. An example of this is the joint construction by the USSR and the Socialist Republic of Romania [SRR] of the irrigation hydropower complex on the Prut River, the multilateral work in the basins of Dunay and Tisa Rivers and the regulation of mountain streams on the border between the Polish People's Republic [PNR] and the CSSR.

The Food Program provides for expansion of scientific and technical cooperation with the fraternal countries during development and introduction in production of new highly productive varieties and hybrids of agricultural crops, cultivation of seed and planting stock, creation of new lines and breeds of livestock and poultry and utilization of genotypes of plants and livestock. This field of cooperation is already yielding appreciable results at the present time. During the past several years, through combined efforts of the CEMA member-states nearly 300 varieties of individual crops were developed and divided into zones. Varieties and hybrids of 27 crops and seven types of fruits are undergoing tests, which makes it possible to implement progressive strain renovation. In exchange for corresponding deliveries during the past 10 years, deliveries to the USSR from the fraternal countries included more than 413,000 t of seeds of highly productive grain and pulse crops, a certain quantity of fodder and vegetable crop seeds, grape cuttings and seedlings of fruit trees. The areas planted to varieties and hybrids developed by breeders of the fraternal countries increased from 2.3 million ha in 1972 to 6 million ha in 1980. These are, first of all, the varieties of corn bred in Hungary and Yugoslavia, the spring barley bred in the GDR and the CSSR and the oats bred in the GDR and the Polish People's Republic. Planted to varieties supplied by the CEMA member-states are nearly 20 percent of all sowing areas under grain corn, approximately 12 percent of areas under barley and some areas under other crops. Their gross harvesting increased by 5-10 percent. At the same time, divided into zones in the fraternal countries are more than 70 varieties and hybrids of winter wheat, corn, sunflowers, rice and other crops which were bred in the Soviet Union. The sowing area under these crops reaches 4 million ha. Specifically, varieties of winter wheat in the CEMA member-states are planted on 18 to 40 percent of all sowing areas and sunflowers on 53 to 99 percent of sowing areas and their productivity is 10-15 percent above the average in the country.

According to the agreement on multilateral international specialization in the production of highly quality seed and planting stock during the 1981-85 period, the CEMA member-states will specialize in cultivating 45 agricultural crops, and the deliveries of high quality seed during the current five-year plan will reach approximately 230,000 t a year against 175,000 t during the past five-year plan. The import of seed and planting stock to the USSR will increase 14 percent during the current five-year plan.

The varieties and hybrids of grain created by the combined efforts of breeders of the USSR and other CEMA member-states have a potential productivity of 70-80 q per ha and more. However, the shortage of fertilizers, especially for grain and pulse crops and meadows and pastures, as well as sufficient volumes and varieties of chemical means for protecting plants against weeds, diseases and pests and poor utilization of the means being used is one of the reasons of incomplete collection and destruction of a considerable part of the production.

Increasing the level of mechanization, chemicalization and selection--the most important direction in intensifying agricultural production, increasing quantity, improving quality and safekeeping of the goods being produced and increasing labor productivity in agriculture.

According to the Food Program, the average annual collection of grain in the USSR in the next 5-year period should reach 250-255 million t compared to 205 million t in the past 5-year period. In solving such a complex task it must be considered that in the USSR 58 percent of arable land is located in arid and semiarid zones. Large scale droughts in our country's territory have been noted every 3-4 years, and local droughts almost annually. Undoubtedly, they unfavorably affect the dynamics of the harvest. Nevertheless, the main cause of farming instability in some oblasts, krais and republics are the insufficiently based and flexible technological and organizational-economic methods and ways of conducting it.

The achievement of farming stability may be promoted by further expanding cooperation with the CEMA member-states with the aim of raising comprehensive mechanization and chemicalization of agricultural production and sharply improving the quality of the produced and mutually supplied machines, mechanisms and sets of machinery. It is necessary to considerably raise the level of capital-labor and power-agricultural worker ratio.

Multilateral cooperation with the CEMA member-states is an important factor in raising efficiency of livestock breeding on the basis of using the genetic potential of best breeds of livestock and poultry available in the fraternal countries. Agreements have been reached on international specialization and mutual use of genotypes of 12 breeds of meat cattle, 11 breeds of dairy and combined use cattle, 20 breeds of hogs, 20 breeds of sheep, 4 breeds of goats and 16 species of freshwater fish. The use in the USSR of genotypes of hogs from the CEMA member-states will increase productivity of the hybrid stock by 10-20 percent. The crossbreeding of cattle from the USSR and the Mongolian People's Republic, which excel local breeds, has yielded offspring with increased milk and meat yields of 25-30 percent. An automatic cell structure analyzer has been developed with whose aid it is possible to control the hereditary resistance of hybrids in developing new varieties of plants and breeds of livestock. These analyzers were issued patents in the United States, England and the FRG.

The restraining factor in developing livestock breeding and expanding output of its production in our country, as noted at the May (1982) plenum of the CPSU Central Committee, are the inadequate fodder base and the shortage of fodder protein of vegetable, animal and microbiological origin. Approximately two-thirds of the overall grain collected annually is used as fodder for livestock in the USSR, and what's more in a considerable mass without the necessary balance as regards protein and other important components and supplements, which leads to overexpenditure of grain. The effectiveness of a mixed fodder unit in livestock fattening is 25-30 percent higher than the effectiveness of using a pure grain unit for this purpose, i.e. the overexpenditure of grain used in pure form for fodder amounts to nearly 300 kg per ton. This speaks of great reserves in the use of fodder and the importance of cooperation with the CEMA member-states as provided by the Food Program in development of mixed fodder industry and production of fermentated preparations and chemical supplements to fodder.



Great significance is acquired by cooperation of the CEMA member-states directed at raising the degree of efficiency in processing production of plant growing and livestock breeding, including secondary raw materials and transition to waste-free processing methods.

The planned expansion of cooperation with the CEMA member-states in the field of refrigerated processing of production will also reduce the losses of raw materials and foodstuffs, especially the perishable kinds during their storage, transportation and processing.

Mutual deliveries are increasing of individual kinds of finished agricultural and food industry production, whose output is possible or more efficient in individual socialist countries because of differing natural and weather conditions. The USSR imports products which are not produced in our country in sufficient quantity or are not raised at all and at the same time cooperates in cultivating them in the fraternal countries. For example, economic and scientific and technical assistance is rendered to the Asian socialist countries and the Republic of Cuba in increasing production of tropical foodstuffs and raw sugar. A system is being developed for material stimulation of expansion of mutual deliveries of various kinds of agricultural products and foodstuffs between the socialist community countries.

The CEMA member-states attach great significance to expanding specialization and cooperation in the production of container and packing materials, to establishing through combined efforts of interested countries of specialized plants or shops at operating enterprises to produce cardboard, foil, packing paper, cellophane, polyethylene and so forth and to expanding the sale of foodstuffs in packages. Work is underway to unify and standardize packing materials.

The socialist community countries exchange positive experience accumulated in developing the agroindustrial complex and in the field of producing goods of plant growing and livestock breeding according to progressive, industrial processing methods. An important role is also played by free transfer of licenses and scientific information. Specifically, positive sides of the Hungarian experience in raising individual agricultural crops are being generalized and used in our country.

Positive results were obtained by using the experience of the GDR and some other CEMA member-states in organizing agrochemical centers, which receive from the state the necessary equipment, mineral fertilizers and chemical means for protecting plants and are implementing their specialized transportation and storage. By agreement with cooperatives and state farms they carry out all necessary agrochemical work in the fields and are responsible for its quality and efficiency.

Experience is exchanged in forecasting the appearance of agricultural crop pests, plant and livestock diseases and in fighting against them and of practices in the output of production of plant growing and livestock and poultry breeding on an industrial basis. The exchange of experience is being expanded in developing and implementing programs aimed at further scientific and technical

progress in developing the agroindustrial complex and more efficient and comprehensive use of raw material resources and supplies, progressive forms of labor organization and management, planning and material stimulation. For example, the use of Soviet developments in the CEMA member-states made it possible to modernize production processes in some sectors of the wine-making, dairy, oil-extracting and baking industries in the People's Republic of Bulgaria, in the production of citric acid in the GDR and in the production of sugar in Cuba.

Currently the fraternal countries are devoting much attention to searching for new, reliable, stable and mutually advantageous forms and methods for further deepening cooperation in various fields of the agroindustrial complex [APK], improving prices for mutually delivered production and raising the material incentive of the fraternal countries in increasing production and mutual deliveries of foodstuffs and agricultural raw materials.

Further deepening and raising the efficiency of cooperation with the CEMA member-states is becoming an effective factor in the development of agriculture and of the entire agroindustrial complex in the USSR and other fraternal countries, in improving the supply to them of foodstuffs and agricultural raw materials and in increasing the prosperity of the people.

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## USSR-CEMA TRADE

### CEMA COUNTRIES MUST BE LESS DEPENDENT ON WEST

PM131411 Moscow IZVESTIYA AKADEMII NAUK SSSR. SERIYA EKONOMICHESKAYA in Russian No 3, May-Jun 83 pp 62-73

[Article by B. A. Kheyfets: "Trends in the Structural Policy of CEMA Member Countries in the Industrial Sphere in the Eighties"]

[Excerpt] The increasing orientation of CEMA member countries in the eighties toward active participation in the international division of labor, and mainly in the international socialist division of labor, is setting a new task, namely stepping up the coordination of their long-term structural policy.

The necessity for closer coordination of the structural policy of CEMA member countries is conditioned, on the one hand, by the significantly greater interaction of their national economies in the process of socialist economic integration, whereby many national structural problems, including the problem of the industrial structure's development, prove to be inter-linked one way or another. (Footnote 1) (In 1980 the reciprocal trade turnover between socialist community countries amounted to R120 billion, which is 240 percent of the 1970 level; reciprocal deliveries satisfy 68 percent of the import requirements of CEMA member countries for machines and equipment, almost 100 percent for natural gas, 94 percent for coal, 92 percent for coke, 70 percent for oil, 81 percent for iron ore, and 61 percent for mass consumer goods. In 1981-1985, in accordance with commitments agreed during the coordination of national economic plans, the volume of reciprocal trade turnover in terms of comparable prices is planned to increase 38 percent in comparison with the actual indicators for 1976-1980. Furthermore, reciprocal deliveries of specialized output will increase 48 percent.) On the other hand, the quest in all CEMA countries for structural ways to reduce the energy- and materials-intensiveness of social production and to increase export efficiency is inseparably linked with raising the profile of the international specialization of their national economic complexes. It is extremely important in this connection not only to prevent unjustified parallelism and the dispersion of material and labor resources, which are caused by the desire to develop identical efficient production processes, but also to ensure more rational distribution of materials- and energy-intensive production processes between countries within the community's framework, taking into account both national and international interests.

Each socialist country has always determined independently and will continue to determine the basic directions of its own structural policy. When speaking of the coordination of structural policy, the main point is the exchange of information on the basic directions of structural improvements, coordination in the development of production processes which are interconnected within the framework of specialization and production sharing, joint construction, and the usual foreign trade deliveries for structural subdivisions. A logical consequence of such cooperation can be seen in the stepping up of coordination in the development of individual complexes within sectors, the first step toward which was taken through the adoption of long-term targeted cooperation programs, the synchronizing of the implementation of certain changes in structural policy in the countries, and so on.

The coordination of CEMA countries' structural policy is the most important element in the coordination of their economic policy as a whole, the need for which was spoken about at the 26th CPSU Congress and the latest congresses of communist and workers parties in fraternal socialist countries. As N. A. Tikhonov noted in his speech to the 35th CEMA Session Sitting, the coordination of economic policy will help us resolve the fundamental structural problems. (Footnote 2) (ECONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, 1981 No. 4 p 36.)

The coordination of structural policy between the socialist community countries could help enhance considerably their economic and technological independence. The policy of "economic sanctions," and the possibility of a unilateral break in economic, scientific, and technical ties by the West have convincingly shown the danger of excessive orientation toward the importation of equipment and technology from capitalist countries in the solution of problems linked with improving the economy's structure, since this importation inevitably generates subsequent imports of spare parts and raw and other materials. "The experience of the last few years," as was said at the 36th CEMA Session Sitting, "encourages the socialist countries to strive for even closer cohesion by strengthening their technological and economic independence." (Footnote 3) (PRAVDA, 9 Jun 1983.)

The coordination of structural policy can ensure the joining of efforts by CEMA countries for the manufacture of all basic products which are in short supply within the community framework. Of course, here we cannot exclude a situation when a number of secondary and easily supplied elements in the national economic structure could be developed to a lesser extent while part of the demand for their output is satisfied through participation in the worldwide division of labor. It is necessary, moreover, to approach more carefully the selection of those structural subdivisions, the demand for whose output can be partially satisfied by purchases from nonsocialist countries. Favorable prospects in this connection could be provided by cooperation, including industrial production sharing, with developing states which, according to estimates, will in the long term significantly increase their share in the world's industrial output.

The coordination of structural policy between CEMA countries must ensure a reduction in the economic and technical dependence of some of them on the capitalist market, which was increased during the seventies. This will require a partial reorganization of capacities set up in these countries with the help of Western technology so as to adapt them better to the technological standards used in the socialist community, as well as to create within CEMA countries structural subdivisions ensuring the substitution of imported spare parts, components, raw materials, and so on.

There is a growing need to expand the cooperation among CEMA countries in the manufacture of machines and equipment, chemical products, rolled metal sections, and other products which are in especially short supply in the community and for which demand has been met by CEMA countries to a significant extent by imports from developed capitalist countries. At that it is exceptionally important to avoid the community countries' being dependent on the West in the newly created structural subdivisions, especially those closely linked with the pivotal trends of technological progress, but at the same time not to permit the technological standards of their output to fall below world indicators.

It must be noted that the solution of the task of strengthening the economic independence of socialist community countries requires the attainment of a qualitatively new level of coordination in their actions as regards the directions for improving the national economic structure and the development of links with third countries and international economic groups. An important element of such coordination could be provided by the future elaboration of a long-term general plan for the development and distribution of production forces within the community framework which, as K. I. Mikulskiy justly notes, would ensure the most rational reciprocal supplementation of national economic complexes in CEMA member countries. (Footnote 4) (MIROVAYA EKONOMIKA I MEZHOUNARODNIYE OTNOSHENIYA, 1981 No. 2 p 50.)

The increase in coordination of the structural policy of socialist community countries must ensure a closer tie-up between the processes of improving the sectoral structure of the national economies of the USSR and the other CEMA states in the long term. The Soviet Union plays a special role in the community from the viewpoint of the size of its economic, scientific, and technical potential, the universality of its national economic complex, the existence of varied natural resources, its geographic location, and the capacity of its domestic market. Soviet deliveries of fuel, raw materials, machines, equipment, and spare parts are enormously significant for meeting the corresponding requirements of foreign [zarubezhnyy] CEMA countries. This is why the strategy of changing the sectoral structure of the USSR's industry and its participation in the international socialist division of labor exert a great, at times decisive influence on the development of the structure of industry in foreign CEMA countries. As GDR economist W. Kunz notes, "The long-term formulation of the structure of production in the GDR and the other CEMA countries depends on the long-term integration strategy and the corresponding structure of exports and imports in the USSR, their most important economic partner." (Footnote 5) (VOPROSY EKONOMIKI, 1981 No. 2 p 104.)

The coordination of structural policy does not mean establishing in advance fixed quantitative proportions between sectors of the economy in individual CEMA countries. Such a task has never been set even to national structural policies which are determined by the need to satisfy the specific requirements of social production and the population in these countries. The intersector and intrasector quantitative correlations established as a result of the implementation of structural policy are always secondary to the task of satisfying demands.

At the same time, as world experience has shown, there objectively exist certain relative stable macrosectoral proportions in industry which are typical of comparatively high levels of economic development. At present, and as an example of such proportions, it is possible to refer to the relative share in total industrial output of machine building at 30-37 percent, of the chemical industry at 10-15 percent, of the power supply industry at 5-10 percent, of the food industry at 9-12 percent, and so on.

To some extent these proportions characterize the advanced level of social labor productivity in individual industrial sectors and indirectly reflect the requirements of modern equipment and technology in relations to the outlay of basic production resources, in other words they can serve as a guideline in determining rational correlations and society's requirements for outlay of one type of social labor or another at a given stage of economic development. The orientation toward attaining such macroproportions in major and medium-sized CEMA countries, whose macrostructure is close to the above-mentioned indicators, is in line with the modern trends of scientific and technical progress and must be borne in mind during the coordination of structural policy. At the same time, the coordination of structural policy offers broad opportunities for wide variation between CEMA countries in the intrasector proportions in individual industrial sectors on the basis of greater specialization by each of them.

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## USSR-CMEA TRADE

### CMEA AID TO DEVELOPING COUNTRIES VIEWED

Moscow APN DAILY REVIEW in English 5 Jul 83 pp 1-4

[Article by A. Vlasov, M.Sc. (Economics): "Mutually Advantageous Partnership"]

[Text] Economic links between CMEA countries and emergent nations keep growing. This is evidenced, in particular, by the steady growth of their trade which increased from 5,000 million roubles in 1970 to 30,000 million roubles in 1981, or by six times.

CMEA countries render growing technical and economic assistance to developing nations. Enterprises built with the assistance of CMEA countries are instrumental in ensuring the independent economic advance of a number of countries in Asia and Africa. The commitments of CMEA countries, arising from technical and economic assistance to developing countries, grew by three times in the 1970's. By 1983 the number of their partners from among the developing countries had increased from 62 to 97.

The following capacities were built and put into operation with Soviet technical and economic assistance in Asia, Africa and Latin America in 1980-1982: steel, 1.6 million tons; agglomerate, 4.8 million tons; and coke, over 2 million tons.

Increasing importance in the development of cooperation is attached to the assistance which CMEA countries render in the establishment of multisectoral territorial-production complexes in emergent countries, especially in those which orient themselves towards socialism. In such cases, the partners simultaneously tackle a wide range of questions, from connecting the processes of manufacture of individual products into a single chain to social issues such as manpower training, the growth of employment, and the construction of social and cultural amenities and health-care centres.

Qualitative changes occurred in the development of CMEA countries' economic ties with emergent states at the end of the 1970's and at beginning of the 1980's. This referred, above all, to the institutional and legal mechanism of these relations. In the 1970's the customary elements of this mechanism (intergovernmental agreements on trade and payments, agreements between individual ministries and departments of the countries concerned, ad hoc standing

organisations to develop trade links, etc.) were complemented by comprehensive long-term economic, trade, scientific and technical cooperation programmes covering 10 or 15 years.

To exercise control over the fulfilment of programmes for economic cooperation, in the mid-1970's the socialist and some developing nations set up ad hoc intergovernmental commissions invested with extensive powers to effectively settle problems emerging in the course of carrying out economic agreements.

Cooperation between the planning agencies of the European CMEA countries and a number of developing states has been growing steadily since the latter part of the 1970's. Apart from the assistance they receive from CMEA countries experts in drafting national development plans and the exchange of information, in the late 1970's some partners made the first steps towards the coordination of their development plans.

The participation of some developing countries in the work of CMEA agencies is a form of collaborative activities. Year 1975 saw the beginning of the work of the CMEA-Iraqi and CMEA-Mexican commissions working out specific questions of joint activities.

Some countries of socialist orientation, particularly Afghanistan and the People's Democratic Republic of Yemen, take part in the work of some CMEA agencies as observers.

Industrial cooperation in different forms has for years been a major feature of the growth of CMEA countries' commercial and economic relations with developing countries. Over 300 treaties and agreements on industrial cooperation had been signed and were being carried out by the beginning of 1980's.

Joint enterprises, a specific form of industrial cooperation, have become wide-spread in the recent years in relations between some European CMEA countries and developing states. Joint enterprises engage in the mining and processing of minerals and the manufacture of commodities under licences from socialist countries. Thus, using Hungarian licences and raw materials, a joint Hungarian-Bangladesh pharmaceutical factory, produces medicines needed by Bangladesh. A Czechoslovak-Indian company assembles Zetor tractors type 2011 from parts and subassemblies supplied by Czechoslovakia.

Cooperation on a buy-back basis is assuming great importance in CMEA countries' economic relations with newly-free states. Today this is one of the most promising forms of collaborative activities. Thus, the USSR and developing countries concluded over 30 such agreements, providing for Soviet assistance in the construction of enterprises to be paid for with part of their output. The major agreements of this type cover the delivery of Afghan gas, Syrian and Iraqi oil, Guinean and Indian bauxites, Indian alumina, Algerian aluminium and Moroccan phosphates to the Soviet Union. Similar treaties underlie the export of Indian seamless pipes to Hungary and of Brazilian tyres to Czechoslovakia.



Multilateral cooperation is a new aspect of today's economic contacts between CMEA countries and developing nations. In particular, Bulgaria and Czechoslovakia pooled efforts to build a thermal power station in Algeria, and three countries (the USSR, Poland, and Hungary) are collaboratively building a thermal power station in Iran. In certain cases, such cooperation presupposes the involvement of companies from developed capitalist countries. Thus, Fiat of Italy and two enterprises of the German Democratic Republic joined efforts to build grey-iron casting plant in Algeria.

At the end of the 1970's the companies of some countries organised the production and export of sophisticated machinery and equipment. This created prerequisites for the growth of effective cooperation of these companies with the organisations of socialist countries on the markets of third nations.

India is engaged in such cooperation more vigorously than other nations. Thus, in cooperation with the Soviet Union and Czechoslovakia, India manufactures oil drilling plant and excavators for other countries. In 1976 Soviet organisations signed contracts with India on the delivery of electrolysis units for an aluminium plant in Yugoslavia, bridge loaders for a nickel plant in Cuba and coke-making facilities for metallurgical works in Bulgaria and Egypt.

The late 1970's and early 1980's saw a resort to new forms of collaborative activities in agriculture, fishing and engineering consulting services. Among the new forms of cooperative activities in fishing, is the leasing of trawlers to developing countries in exchange for the delivery of part of the catch to socialist states.

CSO: 1812/210

## USSR-CEMA TRADE

### ACTIVITIES OF IIB, IBEC IN 1982 EXPLORED

#### Report on IIB Activities

Moscow EKONOMICHESKAYA GAZETA in Russian No 20, May 83 p 20

[Article by N. V. Blinkov, counselor of the International Investment Bank: "The Activity of the IIB in 1982"]

[Text] As has already been reported, the 33d meeting of the Council of the International Investment Bank was held in Moscow. The report on the activity of the IIB for 1982 and the balance sheet of the bank on 1 January 1983 were examined and approved, decisions on the distribution of the profit for 1982, as well as on other questions of the activity of the bank were adopted.

The article of N. V. Blinkov, a counselor of the bank, on the results of the work of the IIB during 1982 is published below.

The International Investment Bank in 1982 continued the activity on providing assistance to the member countries of the Council for Mutual Economic Assistance in the accomplishment of the tasks posed by the Comprehensive Program of Socialist Economic Integration and the long-term goal programs of cooperation. At the same time work aimed at enhancing the role of international socialist credit and broadening the sphere of use of the convertible ruble was performed.

In 1982 new projects were accepted for lending.

Credits were granted to the People's Republic of Bulgaria for the modernization, renovation and expansion of the Rekord Combine, which produces motorized trucks; the Zvezda Plant of Steering Gears; the Battery Plant imeni M. Shatorov. All these enterprises belong to the Balkankar-Transportnoye mashinostroyeniye Economic Association, which within CEMA specializes in the production of motorized and battery-powered trucks and is one of the largest producers of these products in the world.

The renovation and expansion of the Rekord Combine in Plovdiv, which are envisaged by the coordinated plan of multilateral integration measures of the CEMA member countries for 1981-1985, are of great importance for meeting the needs of the CEMA member countries for lift trucks, as well as for the development of the national economy of Bulgaria.

The use of bank credit for the expansion of production at the Zvezda Plant in Lukovitsa will make it possible to ensure the building up of the production in the country of motorized and battery-powered trucks, as well as to set up the production of steering gears for the trucks which are produced by the Minsk Motor Vehicle Plant in the Soviet Union.

The production of batteries and storage cells with higher technical and qualitative parameters will be increased at the Battery Plant imeni M. Shatorov in Pazardzhik. Along with the meeting of the needs of Bulgaria for these products the increase of their exports to the other member countries of the IIB is also envisaged.

Credits were granted to the Hungarian People's Republic for the renovation and electrification of railroads which are of international importance. Thus, for example, the electrification of the Budapest-Pecs railway line will make it possible to expand substantially the transportation of through freight through Hungary and to increase the volume of domestic freight traffic. Owing to the changeover of the line from diesel to electric traction its capacity will increase and the operating costs will decrease considerably.

Lending to the previously accepted projects in machine building, the chemical industry and other sectors of the CEMA member countries was continued. Among these projects are a plant for the production of bearings in Bulgaria, machine building combines in Hungary and the German Democratic Republic, a shipyard and crane building plant in Hungary, the Fortschritt Landmaschinen Agricultural Machine Building Combine and a printing combine in the GDR, sugar mills in the Republic of Cuba, chemical enterprises in Romania, a plant for the production of antioxidants and the Tatra Motor Vehicle Plant in Czechoslovakia.

The Interatominstrument International Economic Association is using IIB credit for the expansion of the amount of work on the maintenance of instruments and devices of nuclear engineering.

The credit issued for the modernization and expansion of the Tang Tool Plant in Yugoslavia, which produces products which are important for the automotive industry, is being implemented successfully. The granting of this credit is evidence of the broadening of the sphere of use of the convertible ruble and the inclusion in the system of multilateral settlements in the collective currency of a country which is not a member of the International Investment Bank and the International Bank for Economic Cooperation.

The International Investment Bank last year continued to make settlements in accordance with the credits which were granted in previous years for the construction of the largest integration project of the CEMA member countries--the Soyuz gas pipeline.

Another project in Bulgaria--"The Modernization and Renovation of the Diesel Engine Combine imeni V. Kolarov" in Varna--was accepted for the extension of credit at the 33d meeting of the Council of the IIB. As a result of new capital investments the production of diesel engines at the combine will increase considerably.

In all since 1971, when the IIB began its activity, 83 projects with an estimated cost of about 10 billion convertible rubles have been accepted for the extension of

credit. The total amount of credits granted to the CEMA member countries, Yugoslavia and the Interatominstrument International Economic Association came to more than 3.5 billion convertible rubles. Here about 70 percent of the credits were allocated for the development of the fuel and power industry, 19 percent--machine building and electronics, 9 percent--metallurgy and chemistry, 2 percent--the development of transportation and communications.

So far 56 projects have been put into operation. The exports of products, which by their indicators conform to the latest achievements of science and technology, from these projects came in 1982 to 3.7 billion convertible rubles. More than half of the products, which are produced by the projects which have been extended credit by the IIB, are exported to the member countries of the bank. This is promoting the increase of their reciprocal commodity turnover and the decrease of purchases of the corresponding goods in capitalist countries. During 1972-1982 various products worth about 15 billion convertible rubles were exported from the projects for which credit was extended. In particular, a large number of trucks and buses, railroad cars, heavy presses and pressing equipment, various types of agricultural and processing machines were supplied for export. The products from the projects built with the use of IIB credits are also being delivered to industrially developed capitalist and developing countries.

Last year four projects, for which credit was extended by the bank, were put into operation. The renovation and expansion of the shops of the Hungarian Cable Plant were completed, as a result of which the production and deliveries of the products produced by it increased. The modernization and expansion of production at the Tatra Plant in the CSSR were completed. The series production of Tatra-815 trucks, which are characterized by a large load-carrying capacity, high performance and no-failure operation under difficult climatic conditions, is being carried out.

The International Investment Bank is attaching great importance to the constant extension and improvement of business cooperation with the Council for Mutual Economic Assistance, the International Bank for Economic Cooperation, other international economic organizations and banks of the CEMA member countries and Yugoslavia.

The contacts of the IIB with international and regional financial and credit organizations and the banks of the industrially developed capitalist and developing countries are continuing to be developed.

The International Investment Bank, in fulfilling its basic task on granting intermediate-term and long-term credits, is striving to promote in every possible way the further development of the currency and financial relations of the CEMA member countries in the interests of the intensification of socialist economic integration and the broadening of mutually advantageous cooperation with other countries.

The balance sheet of the IIB on 1 January 1983, which is published below, shows that given its slight decrease the turnovers on operations for the past year increased considerably and came to 44.4 billion convertible rubles. The profitability of the operations of the IIB was ensured. The profit last year came to 21.1 million convertible rubles, or increased by 5.2 percent as compared with 1981.

Balance Sheet of the International Investment Bank (in convertible rubles)

Assets	On 1 January	
	1982	1983
1. Monetary assets in current accounts, in cash and in deposits. .	692,953,328	667,632,005
2. Granted credits. . . . .	1,485,301,241	1,492,516,291
3. The building and other property of the bank. . . . .	5,922,819	8,722,154
4. Other assets . . . . .	115,392,421	72,787,814
Balance. . . . .	2,299,569,809	2,241,658,264
Liabilities	On 1 January	
	1982	1983
1. Authorized capital stock . . . . .	1,071,300,000	1,071,300,000
including paid portion . . . . .	374,480,000	374,725,000
2. Reserve capital. . . . .	93,638,069	99,947,592
3. Special lending fund . . . . .	28,986,025	30,063,819
4. Obtained credits and attracted deposits . . . . .	1,676,426,874	1,642,376,396
5. Other liabilities. . . . .	106,006,993	73,471,949
6. Profit . . . . .	20,031,848	21,073,508
Balance . . . . .	2,299,569,809	2,241,658,264

Current Activities of IBEC Examined

Moscow EKONOMICHESKAYA GAZETA in Russian No 21, May 83 p 20

[Article by Candidate of Economic Sciences V. Ye. Sytnikov, counselor of the International Bank for Economic Cooperation: "The Activity of the IBEC in 1982"]

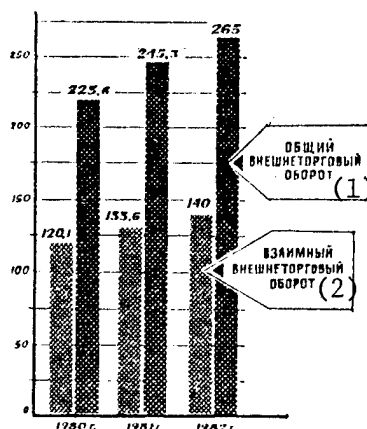
[Text] At the 57th meeting of the Council of the International Bank for Economic Cooperation, which was held in Moscow in April, the report submitted by the board on the activity of the bank during 1982 and the balance sheet of the bank on 1 January 1983 were examined and approved, the decision on the distribution of the profit for 1982 was adopted, the credit plan of the bank for 1983, as well as other questions of the current and subsequent activity of the IBEC were examined.

The article of Candidate of Economic Sciences V. Ye. Sytnikov, a counselor of the bank, on the results of the activity of the IBEC during 1982 is published below.

This year the International Bank for Economic Cooperation will mark its 20th anniversary. Its successful activity and the stable increase of the volume of operations both in convertible rubles and in convertible currency during this entire period are based on the development of the economy, the comprehensive broadening

of cooperation and the intensification of socialist economic integration, the further increase and strengthening of the trade and economic relations of the member countries of the bank.

Foreign Trade Turnover of Member Countries of IBEC (billions of rubles)

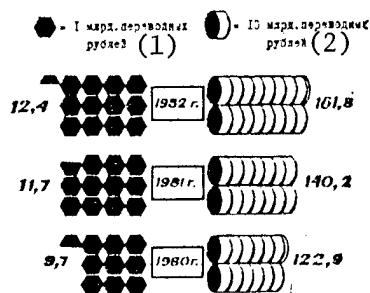


Key:

1. Total foreign trade turnover
2. Mutual foreign trade turnover

Amount of Credits in Convertible Rubles, Which Were Granted by the IBEC to Banks of the Member Countries

Amount of Settlements in Convertible Rubles Between Member Countries, Which Were Made Through the IBEC



Key:

1. 1 billion convertible rubles
2. 10 billion convertible rubles

When the IBEC was created, its authorized capital stock was declared in the amount of 300 million convertible rubles, but then in connection with the joining of the bank by the Republic of Cuba and the Socialist Republic of Vietnam it was increased to 305.3 million convertible rubles.

Taking into account the steady increase and the large volume of operations of the bank in convertible rubles and in convertible currency, the member countries of the IBEC at the 57th meeting of the council decided to increase the paid portion of the capital in these currencies by the amount of 68.5 million convertible rubles. As a result since April of this year it comes to 190.3 million convertible rubles, while with allowance made for the reserve capital, which is annually supplemented by deductions from the bank profit, the bank's own resources reached the amount of 369.7 million convertible rubles.

In 1982 the IBEC successfully continued to carry out its credit and settlement activity in conformity with the tasks of the extension of economic cooperation, which were posed at the 36th meeting of the CEMA Session (June 1982) and the decisions of the CEMA Executive Committee and the council of the bank.

The operations of the IBEC in convertible rubles continued to increase on the basis of the further planned increase of the commodity turnover and other forms of economic cooperation between the member countries. The total amount of settlement, credit, deposit and other operations increased as compared with 1981 by 24.4 percent

and came to 259.3 billion convertible rubles. At the same time the amount of the reciprocal settlements of the member countries increased by 15.4 percent and came to 161.8 billion convertible rubles. Of this amount 92.5 percent of the settlements were connected with the commodity turnover.

During 1970-1982 the IBEC granted credits in the amount of approximately 78 billion convertible rubles. They were granted both in the form of fixed-term credit (for a term of up to 3 years), by means of which measures on the specialization and co-operation of production and the expansion of the commodity turnover can be carried out, and seasonal needs can be met and the balances of payments of the countries can be equalized, and in the form of settlement credit, which meets short-term needs for assets.

Settlement credit ensures the payments of authorized banks in the case of short-term discrepancies of the receipt of assets for exported goods with the payments for imports. The credit is granted within the established limit for the authorized bank. Repayment is made as assets are received in the current account, as a rule, over a period of 20-30 days.

The flexibility of the settlement and credit mechanism of the IBEC makes it possible to make continuously all the payments with respect to the reciprocal commodity turnover and other economic relations.

The credit activity of the IBEC, which is aimed at the continuous making of settlements and the creation of favorable economic conditions for the further development of foreign trade and other economic relations of the member countries of the bank, was expanded somewhat in 1982. Last year credits were granted in the amount of 12.4 billion convertible rubles, which is nearly 6 percent more than in 1981. Short-term credit, by means of which the countries covered the shortage of assets in the settlements for imports, as in the past, made up the bulk of the credits granted by the IBEC. The fixed-term credits, which were granted by the IBEC in 1980-1981, were repaid in due time by the authorized banks, while the need of the countries for new fixed-term credits declined slightly in connection with the increase of the balance of mutual settlements.

The interest policy of the bank is based on the use of stable interest rates, which ensure the economical use of the credits by the countries, as well as the profitability of the credit operations of the IBEC. In 1982 the interest rates for operations in convertible rubles did not change. Interest rates for credits in the amount of 2-5 percent per annum subject to the term of the credit and interest rates on time deposits in the amount of 1.5-4 percent, which are credited to the temporarily idle assets of authorized banks and other organizations of the member countries, which are kept at the bank, are presently in effect. Preferential interest rates in the amount of 0.5-2 percent per annum are being used for the credits granted to Vietnam, the Republic of Cuba and Mongolia. The granting of credits by the IBEC to these countries on preferential terms has as a goal the provision of assistance in equalizing the level of economic development of these countries with the other member countries of the bank. The amounts of lending to the individual countries are specified by the annual credit plans which are approved by the council of the IBEC.

Along with operations in convertible rubles the IBEC in conformity with its charter conducts operations in convertible currencies. The bank carried out these operations under the conditions of the prolonged economic crisis in the economy of the western countries, the tight and unstable situation on the currency markets, the sharp fluctuations of exchange rates and the maintenance of a high level of interest rates.

Taking into account the formed situation on the international currency markets, the IBEC in conformity with the tasks posed by the bank council for the purposes of strengthening the liquidity decreased the level of operations in convertible currency. The attracted assets in convertible currencies at the end of the year came to an amount equivalent to 1.7 billion convertible rubles as against 2.1 billion convertible rubles in 1981. However, the volume of the turnovers on operations in convertible currencies increased due to the shortening of the terms for which the bank placed its own assets and a portion of the attracted assets, that is, held them in a more mobile form.

In carrying out operations in convertible currencies, the bank devoted special attention to the further extension of business contacts with the banks of the countries of the socialist community. The business contacts with a large number of western banks, which are reliable and stable partners of the IBEC, were maintained and developed on the basis of the principle of reciprocity.

In accordance with the results of the activity of the bank for 1982 the profit came to 30.7 million convertible rubles. The decrease of the profit by 1.2 million convertible rubles as compared with the preceding year is connected mainly with the change of the structure of the credits for fixed terms in convertible rubles and the relative decrease of the market interest rates on operations in convertible currency.

The council of the bank adopted the decision to channel approximately 50 percent of the net profit into the reserve capital, and to use the remainder for distribution among the member countries of the IBEC in the form of dividends.

The results of the activity of the International Bank for Economic Cooperation during the years of its existence attest that the multilateral system of settlements and lending in convertible rubles completely ensures the continuity of settlement and credit operations and is an important tool in the accomplishment of the tasks outlined by the Comprehensive Program of Socialist Economic Integration on the development of the foreign trade and other economic relations of the CEMA member countries.

Balance Sheet of the International Bank for Economic Cooperation (in convertible rubles)

Assets	On 1 January	
	1982	1983
1. Monetary assets		
a) in current accounts and		
in cash. . . . .	27,755,203	16,836,060
b) in deposits. . . . .	1,675,558,516	1,364,096,451
	<u>1,703,313,719</u>	<u>1,380,932,511</u>

[Table continued on following page]



Assets	On 1 January	
	1982	1983
2. Granted credits. . . . .	4,463,651,203	4,288,799,678
3. Property of bank . . . . .	701,975	719,274
4. Other assets . . . . .	69,503,079	55,591,741
Balance. . . . .	6,237,169,976	5,726,043,204

Liabilities	On 1 January	
	1982	1983
1. Capital of bank		
a) authorized capital stock of 305,262,000		
paid portion. . . . .	121,730,960	121,816,160
b) reserve capital . . . . .	151,925,109	164,005,808
	273,656,069	285,821,968
2. Deposits:		
a) current accounts. . . . .	692,548,642	666,757,713
b) deposits. . . . .	4,615,124,802	4,181,811,881
	5,307,673,444	4,848,569,594
3. Obtained credits . . . . .	487,467,334	406,087,476
4. Other liabilities. . . . .	136,468,981	154,855,932
5. Net profit . . . . .	31,904,148	30,708,234
Balance. . . . .	6,237,169,976	5,726,043,204

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CSO: 1825/46

## TRADE WITH LDC'S

### SOVIET-IRAQI ECONOMIC COOPERATION SPOTLIGHTED

LD051153 Moscow in Arabic to the Arab World 1530 GMT 5 Jul 83

[Commentary by Vladimir Brlyakov from the "Window of the Arab World" program]

[Text] Ladies and Gentlemen; the meeting of the Soviet-Iraqi Standing Committee on Economic, Scientific and Technological Cooperation has ended in Moscow. Moscow and Baghdad are quite familiar with this sort of report as the recent meeting was the thirtieth of its kind. Friends and partners, with equal rights, have met at least once a year in Baghdad and in Moscow, in turn.

The purpose of the meetings of the committee is to draw conclusions and define plans for the future, while between meetings work by hundreds of economic experts, engineers, planners and advisers goes on. It is the work of thousands of specialized workers in land reclamation, electric wiring, drilling and machine building. These same specialized fields are included in the domain of the mutually advantageous Soviet-Iraqi cooperation. Some of these branches of the Iraqi economy have in fact been built as a result of the Soviet-Iraqi economic ties.

The year 1984 will mark the 25th anniversary of our economic cooperation. This is not just a landmark in the development of relations between the two countries, it reflects the high level attained by Iraq in the struggle for a real economic independence. It struggled to achieve this task, and it is still marching on the road to consolidating the public sector, nationalizing foreign oil companies, building the country's oil industry and achieving an advanced, diversified economy.

The year 1972 is a prominent year for the Iraqis. It is the year of nationalization. But in that year we also reached an important stage: the signing of the treaty of friendship and cooperation between the Soviet Union and Iraq. The treaty became a firm basis for rapid development of large-scale bilateral relations. The effectiveness of the treaty is shown by the fact that trade between the Soviet Union and Iraq has considerably increased since 1972, together with the volume of economic cooperation.

The building of the Ath-Tharthar-Euphrates canal is probably the most splendid example of the fruitful friendship and cooperation between the Soviet

Union and Iraq. One can without exaggeration describe this man-made river, the result of the dedicated work of Soviet and Iraqi workers and specialists, as one of the biggest irrigation installations in the world. The 37.5 km-long canal does not represent simply tools, equipments and millions of cubic meters excavated earth. It is 4.5 years of hard work in complicated climatic conditions; in winter it is work under cold rain and, in the summer, in hot, unbearable weather. Work went on night and day with three shifts in action. The photographs of the best Soviet and Iraqi workers were hung on the honor board. For this reason the kilometers of the canal are also kilometers of friendship and understanding and kilometers of the road along which cooperation between Moscow and Baghdad has marched and will always march.

Considerable results have been achieved, including the oil wells in Rumaylah, to the north, [word indistinct] and Nahr 'Umar, the planned capacity of which is 46 million metric tons a year. There are also grain silos, thermal and hydroelectric stations with an overall capacity of 1.44 million kilowatts; 13 large plants and training centers in Baghdad, Alexandria and Kut; 600 kms of railway lines; 683 km of pipe. This is a splendid picture, isn't it?

Thousands of highly qualified specialists have been trained in building projects in Iraq and in Soviet institutes. They are now working in the various sectors of industry, agriculture, science and culture in Iraq.

The period of 25 years of cooperation on an equal footing with the Soviet Union has shown the Iraqi people, and other peoples too, the fundamental difference between the essence of economic ties between developing countries and the capitalist countries on the one hand, and with the capitalist countries is economic slavery and debt bonds, while with the socialist countries it is the attainment of a genuine economic independence.

When somebody sets off for some destination people usually wish him a good trip; we in turn wish Soviet-Iraqi cooperation a long and good road.

CSO: 1825/56

## TRADE WITH LDC'S

### IRANIAN GAS EXPORTS TO SOVIET UNION VIEWED

NC091054 Moscow in Persian to Iran 1700 GMT 8 Jun 83

[First commentary in series: "Despite the Interests of the Iranian Nation"]

[Text] Some time ago, during one of the sessions of the Iranian Majlis, the export of Iran's oil-head gas to the Soviet Union was brought up. One of the speakers at this session alleged that the Soviet Union purchased this gas at a cheap price, and that apparently the use of Iran's gas trunkline is not profitable and so on and so forth.

Radio Moscow has previously discussed the facts behind the export of Iranian gas to the Soviet Union for its dear listeners. However, this problem is occasionally brought up by some Iranian leaders. Therefore, we would like to discuss this topic once again.

Firstly we should stress that the gas that Iran sold to the Soviet Union was oil-head gas, that is the gas that is released from the oil well at the same time that oil is extracted from the well. Previously this gas was uselessly burned at the oil installations in southern Iran. According to official figures released by official Iranian sources, more than 650 billion cubic meters of gas was burned in Iran's southern oil facilities between 1913 and 1970 and the foreign monopolies and, first and foremost, British and U.S. monopolies that savagely exploited Iran's oil resources did not pay even 1 cent to the Iranian nation for this immense quantity of gas. Even at the price of gas in those days, when the price of gas and oil was, by far, lower than today, the value of this gas that was uselessly burned reached billions of dollars.

Iran strived to use, in any way possible, this gas--that is, the wealth that was being uselessly and irreparably destroyed--and approached Western monopolies which were exploiting Iran's oil resources for assistance several times. However, these monopolies did not want to invest an additional amount which, even in comparison with the profits they made by exploiting Iran's oil, was extremely small because this investment did not promise them astronomic profits.

In the early 1960's Iran started to look for customers for its oil among Europe's capitalist countries. It approached Japan. It held talks with

Turkey for the construction of a gas pipeline via Turkish territory to Europe. But all these efforts were fruitless. The gas continued to be burned uselessly.

Then in 1965 Iran approached the Soviet Union. Everyone knows that the Soviet Union tops the list of natural gas reserves in the world. But we took our goodneighborly relations with Iran as a starting point [mabda'] and agreed to purchase Iran's gas which was, until then, being uselessly burned in the oilfields.

The price of gas, too, like the price of any other item, is something that is determined through bilateral agreement, depending on supply and demand and depending on world market quotations. Meanwhile, we should say that there is no specified world price for gas. The world price of gas depends on a range of elements among which the long distance between the resource and the place of use has an important place. Also the method of its transportation is of great importance in setting the price. Gas is not oil which can be transported relatively easily by pipeline, tankers, vehicles and railways, and the storing of which is relatively easy. The transportation of gas presents problems that are, by far, more serious than the transportation of oil. The cost of gas transportation and storage are, by far, more than the cost of storing and transporting oil. Disproportionate [as heard] factors related to the use of gas are among the most important reasons why the price of gas is, by far, cheaper than the price of oil.

According to the agreement signed between the Soviet Union and Iran in 1966, a quantity of 10 billion cubic meters of gas was to be bought annually from Iran from 1985 to 1990. Its price depends on the price of mazut. The Soviet-Iranian agreement foresaw a change in the price of gas depending on the change in the price of mazut in the world market. It should be especially stressed that the agreement on the export of Iranian gas to the Soviet Union was signed at a time when the price of oil products was very low. For example on the day the agreement was signed, the price of one barrel of mazut in the world market was something more than \$1.50.

After 1973 the price of oil and, concomitant with it, the price of Iran's gas started rising. During the decade of gas exports from Iran to the Soviet Union, the price of gas increased 13 times. Therefore, the fantasies alleging that the Soviet Union purchased Iran's gas at a cheap price are completely baseless.

However, the basic issue is not price in this problem. The price may be a little higher or a little lower. The main issue is something else. The fact is that gas was previously being uselessly burned but after the signing of the agreement with the Soviet Union, complete installations for the construction of a range of industrial units which played and continued to play an important part in the growth of Iran's economy were exported to Iran from the Soviet Union as payment for the gas exported from Iran.

CSO: 1825/56

TRADE WITH LDC'S

#### AFGHAN-SOVIET ECONOMIC COOPERATION MEETING

##### Afghan Delegation Arrives

LD032013 Moscow in English to Great Britain and Ireland 1900 GMT 3 Jul 83

[Text] An Afghan delegation headed by Deputy Prime Minister Khalil Amhad Abawi has arrived in Moscow. The delegation will take part in a meeting of the standing Soviet-Afghan committee on economic cooperation. The meeting opens on Monday.

##### Session Begins

LD040828 Moscow World Service in English 0700 GMT 04 Jul 83

[Text] A session of the Soviet-Afghan Intergovernmental Standing Commission on Economic Cooperation has opened in Moscow. The sides are headed by deputy prime ministers. The session will discuss the prospects of contacts in power engineering, the gas industry and agriculture. With Soviet assistance, Afghanistan has built or is building some 170 economic projects which turn out up to 60 percent of the country's industrial produce.

##### Publishing Agreement Signed

LD051058 Moscow Domestic Service in Russian 2000 GMT 4 Jul 83

[Text] The standing intergovernmental Soviet-Afghan commission on economic cooperation has started work in Moscow. Questions of economic and technical cooperation and trade are being discussed.

An agreement has been signed for 1983-85 between USSR Goskomizdat and the committee for matters of the press and publishing houses of Afghanistan. For the second time, the book publishers of the Democratic Republic of Afghanistan will take part in the Moscow international book exhibition-fair, which will open in Moscow this autumn.

### Protocol Adopted

LD061725 Moscow Domestic Television Service in Russian 1300 GMT 6 Jul 83

[From the Vremya newscast]

[Text] The third meeting of the permanent intergovernmental Soviet-Afghan Economic Cooperation Commission which took place in Moscow has ended. A protocol has been adopted on the results of its work, which was signed by Comrade Nuriyev, deputy chairman of the USSR Council of Ministers, and Khalil Abawi, vice chairman of the DRA Council of Ministers and chairman of the State Planning Committee. [video of Nuriyev, Abawi signing protocol]

In an interview with a Vremya correspondent, he said: [begin Abawi video recording in vernacular with superimposed Russian translation] Our meeting was very successful and took place in an atmosphere of fraternal friendship and complete mutual understanding. There was a detailed examination of questions of cooperation in the area of agriculture and irrigation, transport, power engineering, light industry and the food industry, geology and prospecting and the training of national cadres.

With the Soviet Union's international aid, our country is implementing about 180 projects, and 80 installations have already been commissioned. These include enterprises for repairing our stock of vehicles, which is important for our economy, machinery and tractor stations which give necessary help to our peasants and training centers which train workers in various areas. All this promotes the fulfillment of tasks for lifting the economy and the standard of living of our people.

In conditions under which an undeclared war is being waged against Afghanistan, the Soviet Union's fraternal support and solidarity are invaluable. The Afghan people will never forget this international aid. [end video recording]

CSO: 1825/55

TRADE WITH LDC'S

BRIEFS

LAND RECLAMATION IN SYRIA--Syrian and Soviet experts are holding a meeting in Moscow on matters related to irrigation. Timur Kamalov, deputy minister of land reclamation and water resources of Uzbekistan, and a number of experts from his ministry are also taking part in the meeting. The meeting will deliberate on cooperation between the Soviet Union and Syria in the field of constructing water installations and carrying out reclamation projects. With the help of Uzbek and other Soviet experts, a total of 21,000 hectares of land have been reclaimed only in one sector of Syria. Meanwhile, the second stage of work has begun on reclaiming a total of 56,000 hectares of land. [GF291152 Tashkent International Service in Uzbek 1700 GMT 23 Jun 83 GF]

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